

## Chapter 6

# Other Budget Considerations and Requirements

## 6.1 OTHER CONSIDERATIONS

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### Architect/engineer fees

For the purpose of budgeting for capital projects, the fees for A/E services are calculated using the Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects (<http://www.ofm.wa.gov/budget/instructions/capital.asp>). The guidelines define the basic services that should be included in each design phase and provide definitions for reimbursable expenses and extra/other services.

### Energy conservation considerations

Energy conservation considerations should be included in the narrative section of the Capital Project Request report (CBS002). It is important to identify choices made in the predesign phase. Be sure to explain how these measures meet Executive Order 05-01, Establishing Sustainability and Efficiency Goals for State Operations. Buildings should be designed and built to the lowest life-cycle cost. For assistance in developing the energy-related components of project requests, contact the Energy Program Manager in the Division of Engineering and Architectural Services at the Department of Enterprise Services at 360-902-7272.

### Sustainable design information

State law (Chapter 39.35D RCW) requires agencies to design sustainable facilities to achieve a minimum of a U.S. Green Building Council LEED™ (Leadership in Energy and Environmental Design) Silver Standard or an equivalent standard on all construction projects over 5,000 square feet, including grants and local community projects.

Sustainable design and construction is a holistic approach that minimizes environmental impact, reduces maintenance and creates a more desirable workspace for occupants. Sustainable building focuses on siting issues, energy and water efficiency, recycled content building materials, minimization of local and global environmental effects caused by buildings, and indoor environmental quality.

Information on sustainability can be found at <http://www.ofm.wa.gov/sustainability/resources/links.asp> and the Department of Enterprise Services's E&AS.

### Coordination with regional and local governments on project siting

OFM is required under the Growth Management Act under Chapter 36.70A RCW to maintain an Essential State Public Facilities list to inform regional and local governments of the construction or siting of facilities across the state. This facility inventory contains information on all of the state's essential public facilities.

Local governments cannot preclude the siting of essential state public facilities. For its part, the state must comply with local planning ordinances. While not all capital projects are sited at the time the budget is considered, it is important, whenever possible, to identify the preferred area or optional sites for locating each facility.

The state also has a strong interest in community-based facilities that are not owned by the state but are operated by other entities under contract to the state. State agencies with an interest in the siting of these community-based facilities should contact the appropriate local governments to provide input for their consideration.

### **Growth management information is required in capital plan**

RCW 43.88.0301 promotes state capital facility expenditures that minimize unplanned or uncoordinated infrastructure and development costs, support economic and quality of life benefits for existing communities, and support local government planning efforts. Prior to capital budget submittal, agencies should make early contact with affected local governments and review their project lists against local plans and ordinances to ensure consistency with local plans.

This information requirement applies only to major capital construction projects greater than \$5 million. For projects located in a city or county listed under RCW 36.70A.040, agencies are required to complete a predesign. Agencies should use the template “Capital Budget Applicants Questionnaire” at <http://www.ofm.wa.gov/budget/forms.asp>. The completed template must be submitted to OFM in the ten-year plan submission.

RCW 43.88.0301 requires state agencies to answer the following questions for each project as part of the 2013-15 capital budget application process:

- Is the proposed capital project identified in the host city or county’s comprehensive plan, including the capital facility plan and implementation rules adopted under Chapter 36.70A RCW?
- Is the proposed capital project located in an adopted urban growth area?
- If located in an adopted urban growth area, does the project facilitate, accommodate or attract planned population and employment growth?
- If located outside an urban growth area boundary, does the proposed capital project create pressures for additional development?
- Was there regional coordination during project development?
- Does the project include leveraging of local or other funds?
- Have environmental outcomes and the reduction of adverse environmental impacts been examined?

### **Assistance from the Department of Commerce**

Staff at the Department of Commerce can assist agencies in obtaining copies of local comprehensive plans and in answering questions about growth management requirements. For assistance, contact Linda Weyl at 360-725-3066.

### **OFM reports annually to the Legislature on cost overruns or underruns**

RCW 43.88.160 requires OFM to submit an annual report to the Legislature on the status of all appropriated capital projects (including transportation projects) that show significant cost overruns or underruns. As these projects are completed, agencies must provide OFM with a final summary showing estimated start and completion dates of each project phase compared to actual dates, as well as estimated costs of each phase compared to actual costs. OFM will provide this information to the Legislature.

### **Facility inventory system updates are due on September 1 each year**

Statewide inventory data plays an important role in budget decisions. Agencies must update their facility data by September 1, 2012. OFM will provide your agency's data from the previous year, as well as a format for reporting any changes. This information will assist in reviewing budget requests and assessing agency performance on maintenance and preservation. This also helps agencies in preparing their Annual Maintenance Summary Report.

### **Department of Enterprise Services assessments for Thurston County Space**

Chapter 43.01 RCW directs the Department of Enterprise Services (DES) to assess agencies for costs related to the construction, renovation and occupancy of certain space owned and managed by DES in Thurston County. One of these charges is the recovery of financing costs related to construction or major renovation projects; the other is a capital projects surcharge levied in agency operating budgets to cover some of the costs of capital projects. (These charges are in addition to all existing facilities and services, seat of government and Division of State Services lease management charges.)

These charges will occur in the operating budgets of affected agencies. Refer to the 2013-15 Operating Budget Instructions for additional information about these charges.

### **Capital project surcharge**

A project surcharge is collected from all agencies housed in DES-owned and -managed facilities in Thurston County, except agencies occupying the Natural Resources and Highways-Licenses buildings. These buildings have separate financing cost-recovery agreements and are exempt from the capital project surcharge until the current cost recovery agreements expire or a surcharge is negotiated with DES.

### **Cost recovery charge**

The financing cost-recovery charge (debt service) applies to those facilities being purchased, constructed or undergoing major renovation, and will begin once agencies occupy the new or newly renovated space. This charge, like the capital project surcharge, is an OFM central service agency charge adjustment.

DES will include financing plans in its ten-year capital plan requests for new construction or major renovation projects. Tenant agencies must include funds in their operating budget requests to pay the financing cost-recovery charges in the biennium in which they occupy the new or newly renovated space. DES and the tenant agencies will coordinate their requests.

### **Plant operations support consortium**

The Plant Operations Support Consortium may be able to assist in the implementation of capital projects. The consortium provides support with project management, on-site assessment/consultation, technical assistance and equipment brokering to facility managers. For more information, contact the Plant Operations Support Consortium at 360-956-2057 or <http://www.energy.wsu.edu/PublicFacilitiesSupport/PlantOperations.aspx>.

### **Lapsing appropriations**

There is a limited amount of resources available to meet many capital budget needs. When projects have been completed under budget or are indefinitely stalled for any reason, the appropriation for the project should be "lapsed" to free up the resources to meet other project needs. For this reason, agencies are asked to report savings from completed projects and funding for projects that cannot move forward. Funding for these projects will be lapsed at the end of the 2011-13 biennium. When the issues involved in a stalled project have been resolved, it may be resubmitted in a future biennium.

## Capital savings

The Legislature has provided two opportunities for agencies and institutions to take advantage of savings that are gained from appropriated capital projects. Agencies may transfer between projects and transfer to infrastructure project savings.

- **Transfer between projects:** The Governor, through OFM, may authorize a transfer of appropriation authority from a capital project that has funding in excess of the amount required for completion to another capital project for which the appropriation is insufficient. This transfer is available to all agencies and institutions subject to certain restrictions, as detailed in RCW 43.88.145. Agencies may request a transfer by submitting a letter to OFM.

## Report savings and transfer request to OFM

Agencies and institutions are asked to report savings and fund transfer requests to OFM. The request must include the following:

- project names
- project numbers
- fund sources
- appropriation codes
- appropriation amounts
- savings amount
- description of the transfer

## 6.2 PUGET SOUND RECOVERY

### Agencies have additional reporting requirements to the Puget Sound Partnership (Partnership)



Agencies must follow additional steps in developing and submitting their budget requests if any part of their budget (including capital funding) will be devoted to projects that implement any part of the Partnership's Action Agenda. These steps, described in more detail below, include:

- providing specified information in capital project requests submitted to OFM
- providing additional copies of Puget Sound project budget requests to OFM and the Partnership
- consulting with the Partnership
- reporting to the Partnership the total cost of implementing the Action Agenda.

### Capital project requests

All agencies requesting capital budget changes related to Action Agenda implementation must link capital project requests to the Action Agenda as follows:

- In the project summary, agencies should include the statement, "Related to Puget Sound Action Agenda Implementation."
- In the Project Description under "How does the project support the agency and statewide results," agencies should include the applicable strategic initiative, sub-strategies, and near-term actions identified in the Action Agenda, and explain how the request relates to these. Capital project requests with Puget Sound components of statewide requests should provide detailed information about the Puget Sound portion of the request, including project lists with dollar amounts and fund sources, and the project description information described above. "Statewide requests" are capital project requests with projects located in a variety of geographic areas. Examples include wastewater treatment facility grants, and habitat restoration projects.

To facilitate Partnership input to OFM on Action Agenda-related budget requests, please send an e-mail with copies of all Action Agenda-related operating and capital requests to Linda Steinmann at OFM and Rebecca Pittman at the Partnership by your budget submittal due date. Their contact information is noted at the end of this section.

### **Summer 2012 consultation with the Partnership**

To ensure coordinated budget proposals that align well with the Action Agenda, all agencies requesting capital budget changes that impact the Action Agenda are required by statute to consult with the Partnership prior to submitting their budget requests to OFM. Agencies should seek Partnership concurrence in proposed funding levels. Early consultation is recommended, allowing time for agencies to respond to Partnership feedback while meeting budget submittal due dates.

### **Reporting the total estimated cost to implement the action agenda**

Any agency implementing any part of the Action Agenda, including new or ongoing projects, programs and activities, must report to the Partnership on the total estimated 2013-15 biennium cost to implement near-term actions specified in the Action Agenda. Agencies will use the new fiscal fields of the Partnership module in the Results through Performance Management System (RPMS) to provide this information.

While the statute requires this information to be submitted by June 1 of even-numbered years, this deadline has been moved to September 10, 2012, to accommodate a revised schedule for adopting the Action Agenda update by the Partnership's Leadership Council.

The Partnership will transmit specific instructions to affected agencies in July.

### **More about the Puget Sound Partnership action agenda and reporting requirements**

The Partnership's Action Agenda, anticipated to be updated by early August 2012, guides recovery and protection efforts of federal and state agencies, as well as local and tribal governments in the Puget Sound basin. As part of the budget development process, statute directs state agencies to work closely with the Partnership staff and OFM on current and proposed activities and projects. As required by RCW 90.71.320, all agencies that implement any portion of the Action Agenda **must provide estimates of their costs to implement Near-Term Actions for the 2013-15 biennium.**

Under RCW 90.71.370(1), the Puget Sound Leadership Council will provide to the Governor and the appropriate legislative fiscal committees, by September 1, 2012, recommendations for the funding necessary to implement the Action Agenda in the 2013-15 biennium. To accommodate a revised schedule for adoption of the Action Agenda, this deadline has been extended to October 1, 2012.

If a state agency submits an amount different from the amount identified in the October 1, 2012, funding recommendation for its portion of Action Agenda implementation, the agency and Partnership must jointly identify the amount and reason for the difference, and submit this information to OFM.

## Summary timeline

Event	Deadline
Partnership instructions to agencies for reporting the total estimated cost to implement the Action Agenda	July 2012
Action Agenda adopted, with sub strategy ranking	August 2012
Partnership consultation/feedback to agencies on budget requests	Summer 2012
Agency budget submittals to OFM; agencies e-mail Puget Sound decision packages/capital project requests to OFM and Partnership	August/September 2012
Agency submittal of total estimated cost information for near term actions to Partnership via RPMS	September 10, 2012
Partnership funding recommendations and gap analysis to OFM	October 1, 2012

## Contact information

If you have any questions about these requirements, please contact the following individuals:

Rebecca Pittman, Finance Director  
 Puget Sound Partnership  
 360-464-1218  
[Rebecca.Pittman@psp.wa.gov](mailto:Rebecca.Pittman@psp.wa.gov)

Linda Steinmann, Budget Assistant to the Governor  
 Office of Financial Management  
 360-902-0573  
[LindaSt@ofm.wa.gov](mailto:LindaSt@ofm.wa.gov)

## Reference

Puget Sound Partnership Action Agenda Update website  
*Check here for the final, adopted Action Agenda:*  
[http://www.psp.wa.gov/action\\_agenda\\_2011\\_update\\_home.php](http://www.psp.wa.gov/action_agenda_2011_update_home.php)